

Public Notice for Community Mental Health Centers (CMHC) Reimbursement

Published Sept. 26, 2016

PUBLIC NOTICE:

The Cabinet for Health and Family Services, Department for Medicaid Services (DMS), in accordance with 42 CFR 447.205, hereby provides public notice of its changes to community mental health center (CMHC) services' reimbursement to be effective October 1, 2016.

Effective October 1, 2016, DMS will implement a cost-based reimbursement model for CMHC services. Via the cost-based model DMS will ultimately reimburse for all services rendered by a CMHC during a given state fiscal year based on the CMHC's Medicaid allowable costs as reported on a cost report approved by the Centers for Medicare and Medicaid Services (CMS) that has been reviewed by DMS or an agent of DMS. Prior to final reconciliation/settlement to costs, DMS will reimburse for services on an interim basis.

Each CMHC will annually submit a detailed cost report to DMS and DMS will review the report to determine the CMHC's Medicaid allowable costs. The detailed cost report will state all of the CMHC's costs for the given twelve-month state fiscal year (July 1 through June 30 of the following year).*

After completing the review and determination of a CMHC's Medicaid allowable costs for a given state fiscal year, DMS will compare its interim reimbursement paid to the CMHC during the course of the year to the CMHC's actual Medicaid allowable costs for the year. If DMS's interim reimbursement to the CMHC exceeded the CMHC's Medicaid allowable costs, the CMHC will send the overpayment amount to DMS. If DMS's interim reimbursement was less than the CMHC's Medicaid allowable costs for the year, DMS will issue a lump sum payment to the CMHC equaling the amount owed.

*Since the reimbursement change is effective October 1, 2016, the first cost report period under the new methodology will last from October 1, 2016 through June 30, 2017.

Initial Interim Behavioral Health Services Reimbursement

As a given CMHC's costs for a year is reported after the year concludes and DMS must review the cost data before determining the CMHC's total Medicaid allowable costs for the year, DMS will reimburse each CMHC on an interim basis during the course of the state fiscal year. DMS's initial interim reimbursement for CMHC behavioral services will be the same reimbursement DMS currently pays each CMHC.

Subsequent Interim Behavioral Health Services Reimbursement

Effective July 1, 2018 and thereafter, DMS's interim reimbursement for behavioral health services for a given CMHC will be rates based on the CMHC's cost report most recently submitted to DMS prior to July 1.

Interim Primary Care Reimbursement

Primary care services will include services covered in DMS's physician's services program including physician services, laboratory services, radiological services, occupational therapy, physical therapy, and speech-language pathology services.

The department's interim reimbursement to a CMHC for primary care services will depend upon the type of primary care service.

The department's interim reimbursement for physician services will be the reimbursement established for the service on the current Kentucky-specific Medicare Physician Fee Schedule unless no reimbursement for the service exists on the current Kentucky-specific Medicare Physician Fee Schedule for the given service. If no reimbursement for a given physician service exists on the current Kentucky-specific Medicare Physician Fee Schedule, the department will reimburse on an interim basis for the service as it reimburses for services pursuant to its physician's reimbursement regulation (907 KAR 3:010 and Medicaid Physician Fee Schedule).

The department's interim reimbursement for laboratory services will be the reimbursement established for the service on the current Kentucky-specific Medicare Physician Fee Schedule unless no reimbursement for the service exists on the current Kentucky-specific Medicare Physician Fee Schedule for the given service. If no reimbursement for a given laboratory service exists on the current Kentucky-specific Medicare Physician Fee Schedule, the department will reimburse on an interim basis for the service as it reimburses for services pursuant to its physician's reimbursement regulation (907 KAR 3:010 and Medicaid Physician Fee Schedule).

The Department's interim reimbursement for radiological services will be the reimbursement established for the service on the current Kentucky-specific Medicare Physician Fee Schedule unless no reimbursement for the service exists on the current Kentucky-specific Medicare Physician Fee Schedule for the given service. If no reimbursement for a given radiological service exists on the current Kentucky-specific Medicare Physician Fee Schedule, the department will reimburse on an interim basis for the service as it reimburses for services pursuant to its physician's reimbursement regulation (907 KAR 3:010 and the Medicaid Physician Fee Schedule).

The Department's interim reimbursement for occupational therapy services will be the reimbursement established for the service on the current Kentucky-specific Medicare Physician Fee Schedule unless no reimbursement for the given service exists on the current Kentucky-specific Medicare Physician Fee Schedule. If no reimbursement for a given occupational therapy service exists on the current Kentucky-specific Medicare Physician Fee Schedule, the department will reimburse on an interim basis for the service as it reimburses for the service pursuant to its reimbursement regulation for various occupational therapy, physical therapy, and speech-language pathology services (907 KAR 8:045).

The Department's interim reimbursement for physical therapy services will be the reimbursement established for the service on the current Kentucky-specific Medicare Physician Fee Schedule unless no reimbursement for the given service exists on the current Kentucky-specific Medicare Physician Fee Schedule. If no reimbursement for a given physical therapy service exists on the current Kentucky-specific Medicare Physician Fee Schedule, the department will reimburse on an interim basis for the service as it reimburses for the service pursuant to its reimbursement regulation for various occupational therapy, physical therapy, and speech-language pathology services (907 KAR 8:045).

The Department's interim reimbursement for speech-language pathology services shall be the reimbursement established for the service on the current Kentucky-specific Medicare Physician Fee Schedule unless no reimbursement for the given service exists on the current Kentucky-specific Medicare Physician Fee Schedule. If no reimbursement for a given speech-language pathology service

exists on the current Kentucky-specific Medicare Physician Fee Schedule, the department will reimburse on an interim basis for the service as it reimburses for the service pursuant to its reimbursement regulation for various occupational therapy, physical therapy, and speech-language pathology services (907 KAR 8:045).

Interim Reimbursement for Injectable Drugs

The department's interim reimbursement for the cost of injectable drugs administered in a CMHC shall be the reimbursement methodology for injectable drugs established in its physician's services reimbursement regulation (907 KAR 3:010).

Fee-for-Service Only

The reimbursement established in this administrative regulation only applies to services rendered to Medicaid "fee-for-service" recipients. These are Medicaid recipients who are not enrolled with a managed care organization. Managed care organizations are not required to reimburse for CMHC services in the manner described in this public notice.

Necessity

DMS is establishing this new reimbursement model in response to a mandate from the Centers for Medicare and Medicaid Services.

Fiscal Impact: DMS is unable to project any expected increase or decrease in annual aggregate expenditures related to primary care services because DMS cannot predict how many CMHCs will opt to provide primary care services, nor the types or volume of primary care services.

Regarding behavioral health services' expenditures, DMS spent \$9.67 million (state and federal combined) on CMHC behavioral health services in the most recently completed state fiscal year. DMS is unable to determine an amount under the revised cost-based reimbursement methodology for such services as DMS cannot predict CMHCs' behavioral health services' costs.

Copies of this notice are available at each county's Department for Community Based Services (DCBS) office and at <http://chfs.ky.gov/dms> for public review. For the address of the local office, please see https://prdweb.chfs.ky.gov/Office_Phone/index.aspx. Additional information regarding these proposed actions is available upon request at the address cited below.

Public Comment

A copy of this notice is available for public review at the Department for Medicaid Services at the address listed below. Comments or inquiries may be submitted in writing within thirty (30) days to:

Commissioner's Office

Department for Medicaid Services, 6W-A

275 E. Main Street

Frankfort, Kentucky 40621